

**PUBLIC DISCLOSURE**

July 12, 2001

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PUTNAM FIDUCIARY TRUST COMPANY**

**ONE POST OFFICE SQUARE  
BOSTON, MA 02190**

**DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Putnam Fiduciary Trust Company (Putnam Fiduciary) prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

**INSTITUTION'S CRA RATING: This institution is rated " Satisfactory ".**

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its assessment area, including low and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Putnam Fiduciary Trust Company (Putnam Fiduciary) is designated as a wholesale institution under the Massachusetts Community Reinvestment Act and its implementing regulation 209 CMR 46.00. According to the regulation, the CRA performance of a wholesale institution is assessed under the community development test. The community development test considers the activity and initiatives of an institution's lending, qualified investments and services whose primary purpose is community development. The institution's responsiveness to community development needs is also evaluated.

Putnam Fiduciary does not provide extensions of credit or credit facilities to retail customers. Therefore, the institution engages in community development activities primarily through charitable contributions and involvement in local organizations. Given the nature of its business, Putnam Fiduciary has a satisfactory level of qualified investments and services and has exhibited a good level of responsiveness to the community development needs of its assessment area.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Putnam Fiduciary Trust Company (Putnam Fiduciary) is designated as a wholesale institution under the Massachusetts CRA regulation, 209 CMR 46.00. The institution's primary business is investment management and the provision of other fiduciary services to corporate plans. Putnam Fiduciary does not extend any forms of credit to retail customers. As of June 30, 2001, the company had total assets of \$311,109,148.

In addition to its investment management activities, the institution also provides operational trust services to certain other customers. Bank custody activities are provided for both open-end and closed-end funds. Putnam Fiduciary is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers. The institution also does not accept deposits from the general public.

Putnam Fiduciary's only office is located at One Post Office Square, Boston, Massachusetts. Putnam Fiduciary is a subsidiary of Putnam Investments, Incorporated, (Putnam Investments) which is in turn is a subsidiary of Marsh & McLennan Companies, Incorporated. Putnam Investments operates additional operating facilities in Andover, Franklin and Norwood. The institution's community development activities are achieved primarily through the charitable contributions of its parent company, Putnam Investments, Incorporated (Putnam Investments). Putnam Investments supports several grant programs. This contribution program is generous and supports many worthwhile organizations and causes, many of which benefit low and moderate-income individuals.

Putnam Fiduciary was previously examined for compliance with the Community Reinvestment Act by the Division of Banks as of July 21, 1999. The examination resulted in a Satisfactory rating.

### **Description of Assessment Area**

Since Putnam Fiduciary's primary business is the provision of fiduciary services to institutions throughout the United States, its service area is the entire country. Putnam recognizes its special obligation of service to the Commonwealth and to the community in which it is located. In recognition of its main location in Boston, Putnam Fiduciary has identified its assessment area as the City of Boston, as well as the towns of Norwood, Franklin, and Andover, where its corporate affiliates are located.

## **PERFORMANCE CRITERIA**

The community development test considers an institution's community development activities, which are defined as community development lending, qualified investments and services with the primary purpose of community development. As defined under the CRA regulation, community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income

individuals, activities that promote economic development by financing small businesses or small farms and activities that revitalize or stabilize low and moderate-income geographies. Putnam Fiduciary's community development activities are detailed below.

As mentioned previously, Putnam Fiduciary does not extend any forms of credit; therefore, the institution engages in community development activities primarily through philanthropic and service-related efforts. As a result of the level of Putnam Fiduciary's qualified grant and service efforts, the institution has been deemed to meet the standards of satisfactory performance for the time period July 1, 1999 through June 30, 2001.

The philanthropic efforts are generally the undertaking of Putnam Fiduciary's parent company, Putnam Investments, Incorporated (Putnam Investments). All charitable contributions are executed at the parent company level. These contributions are largely influenced by company-wide surveys.

Putnam Fiduciary has a five member CRA Committee, chaired by the CRA Officer. The CRA Committee presents quarterly reports to the parent company's Board of Directors detailing the CRA efforts of the trust company. The CRA Committee also has some influence over the parent company's philanthropic efforts. Putnam Fiduciary contributions are provided through four major avenues, which represent contributions towards a certain area or group of contributions. The major charitable areas are as follows:

### **Youth Partners**

This program sponsors an array of activities and focuses its grants on programs that work with inner-city children and young adults on career development and job training. Through this program, Putnam Fiduciary provides opportunities for employees to volunteer in a variety of activities such as job training and mentoring programs.

### **Direct Giving**

The Direct Giving Program provides grants to organizations in which Putnam Investment's employees (including the employees of Putnam Fiduciary) are involved. This program offers Putnam employees the chance to support organizations of their choosing. Putnam Fiduciary will make direct donations to various organizations based upon an employee review committee recommendation.

### **Management Grants**

Management Grants are considered by Putnam Investments to be "community fabric grants." These grants are given to support the fine arts, museums, hospitals and other organizations at the Chief Executive Officer's discretion.

## **Holiday Contributions**

In lieu of sending holiday gifts and responding to holiday sponsorship solicitations, Putnam Fiduciary makes direct grants to several worthy organizations and agencies that benefit low and moderate-income individuals and census tracts.

## **QUALIFIED INVESTMENTS**

Putnam Fiduciary has maintained a good level of community development investments for the time period covered by this examination. Putnam Investments made qualifying contributions totaling \$1,663,950 for the time period covered by this examination, July 1, 1999 through June 30, 2001. The following are examples of some of the major qualifying community development grants to various organizations and agencies over the time period covered by this examination.

**Food Pantries and Homeless Shelters:** Putnam Fiduciary has provided a number of contributions to area food pantries, soup kitchens and homeless shelters. Examples of various organizations devoted to feeding low-income families and homeless individuals include:

- Project Bread Walk for Hunger
- Greater Boston Food Bank
- Franklin Food Pantry
- Weymouth Food Pantry
- Rosie's Place
- Harvard Square Homeless Shelter
- Lazarus House
- Casa Myrna Vasquez

**Youth Targeted Organizations:** The youth targeted organizations focus on at risk inner-city youth by providing daycare, after school programs, educational services, mentoring, counseling and health care services. Examples of such organizations include:

- Big Brother Association of Greater Boston
- Big Brother/Big Sisters of America
- Boys and Girls Clubs of Boston
- Lawrence Boys and Girls Club
- Family Service Inc. of Lawrence
- Lawrence Partners in Education
- Hockomock YMCA – Franklin, MA
- Merrimack Valley YMCA/Lawrence Branch

## **Other Agencies Assisted:**

### **The Horizon's Initiative**

The Horizon's Initiative is a non profit organization established to assist homeless children. Putnam Fiduciary has shown financial support for this organization, which has provided play spaces in family shelters and educational training for volunteers in shelters to engage children in fun and educational play activities. Additionally, the agency provides childcare support for homeless children as well as education, job training and parenting skills for the parents of homeless children.

### **Bridge Over Troubled Waters**

Bridge Over Troubled Waters is a nonprofit multi service organization serving the needs of runaway, homeless and other youths at risk. The organization's core services include outreach, mobile medical, health care, counseling, education/pre-employment, family and transitional housing services.

### **Citizens Schools**

Citizens Schools is an after school and summer educational program which relies upon ordinary citizens to teach what they know and share their expertise with young inner-city children. Students become apprentices in many fields and are provided unique educational and work experiences during non-school hours. All programs are run in public school buildings and are offered at four locations across Boston's inner city. The program is open to children ages 9-14 and is proven to have a positive impact on the child's academic skills.

### **Inner City Scholarship Fund**

Inner City Scholarship Fund provides financial support to numerous inner city parochial schools operated by the Archdiocese of Boston. Donated funds are used to provide scholarships on behalf of students in financial need.

### **Habitat for Humanity**

This not for profit organization assists families in attaining home ownership through self-help and outside donations of cash, materials, and labor. Home construction is accomplished primarily through voluntary laborers who build houses that are then sold to selected low-income families.

### **United Way**

Putnam continues to make substantial contributions to the United Way. Allocation of funds are made to various area nonprofit agencies where contributions are targeted towards programs that provide assistance to the homeless, daycare, counseling and

emergency services to low-income families. Additional programs that are supported through these agencies are basic education, job training and housing.

## **COMMUNITY DEVELOPMENT SERVICES**

Putnam Fiduciary has maintained an adequate level of performance related to community development services. Because of the nature of its business activities, Putnam Fiduciary is not in a position to act directly to help meet the capital and credit needs of the greater Boston community. However, the company does encourage its officers and employees to participate in a number of programs through area organizations that assist in meeting the needs of low and moderate-income families and individuals.

In various capacities, Putnam Fiduciary's officers are involved with community organizations. Through these activities, Putnam Fiduciary's staff lends their technical expertise, experience and judgment to these organizations. Additionally, as a result of the grant structure of Putnam Investments, the employees compete for grant money for the nonprofit organizations that they are themselves affiliated with. The qualified grants in the investment portion of this examination include several organizations to which Putnam employees lend their expertise.

Through its efforts with the YouthPartners Program, Putnam Fiduciary has teamed up with several nonprofit agencies and organizations to focus attention on career development and job training programs for young people. The client bases of the agencies are primarily at-risk inner city youth.

Putnam Fiduciary maintains an ongoing summer internship program whereby affiliated agencies recommend young people from their programs for consideration as an intern at Putnam. Putnam employees act as mentors and job supervisors for the interns. Putnam Fiduciary has employed ten interns in each of the three calendar years included in this examination time frame. In addition to the internship program, Putnam Fiduciary has participated in a job shadowing program that exposes young people to career development opportunities. One hundred employees participated in this project.

## **FAIR LENDING POLICIES AND PRACTICES**

The institution does not provide extensions of credit or credit facilities. Due to the unique business nature of the institution, the stipulations of the Division of Banks Regulatory Bulletin 2.3-101 Fair Lending Policies and Procedures, are difficult to apply.

Although Putnam Fiduciary Trust Company (Putnam Fiduciary) does not extend credit, management makes efforts to ensure all individuals, both employees and clients are treated fairly. Putnam Investments, Incorporated, (Putnam Investments) Putnam Fiduciary's parent company, has affirmed its commitment to cultural diversity and equal employment opportunity. Putnam Investment's current diversity efforts are grouped into

the categories of recruitment, career development and training, business relationships, community programs and balancing work and family life. Putnam Fiduciary's fair lending performance is determined to be adequate at this time.



# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **PUTNAM FIDUCIARY TRUST COMPANY**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **July 12, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at [Address at main office]".

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.